

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6703**  
**BILL NUMBER: HB 1164**

**DATE PREPARED:** Dec 20, 1998  
**BILL AMENDED:**

**SUBJECT:** Vigo County innkeepers' tax.

**FISCAL ANALYST:** Brian Tabor  
**PHONE NUMBER:** 233-9456

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

LOCAL IMPACT	CY 1999	CY 2000	CY 2001
Local Revenues	184,772	444,177	444,903
Local Expenditures			
Net Increase (Decrease)	184,772	444,177	444,903

**Summary of Legislation:** This bill permits Vigo County to increase its innkeepers' tax to 5%.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The innkeepers' tax is collected locally in Vigo County by the county treasurer. Revenues are deposited into the Convention and Visitor Promotion Fund. As the tax has already been imposed, a rate change should not require any additional expenditures for tax collection or administration of the Fund.

**Explanation of Local Revenues:** Vigo County currently imposes the innkeepers' tax at a rate of 2%. Revenues from this tax have recently been very stable, as the average growth rate over the past four fiscal years has been 0.16% (see Table A below):

Table A

Fiscal Year	Innkeeper's Tax Collections
1995	\$293,753
1996	\$303,892
1997	\$295,690
1998	\$294,913

The projections in Table B (below) show the impact over CY 1999-2001, assuming that revenues continue to increase at the 0.16% rate. The columns contain revenue estimates at the current 2% rate and at the new 5% rate permitted by this bill. The last column gives the incremental impact of the rate change (estimated revenue under the proposal minus current rate estimates). The table also reflects adjustments for the effective date of this bill. As innkeepers' tax revenue is collected monthly, June collections are paid to the county treasurer in July. Because merchants cannot begin to assess the new 5% tax rate until the July 1, 1999 effective date, only five months of CY 1999 collections would actually be figured at the new rate (August through December).

Table B: Projected Revenue Impacts of Innkeepers' Tax Rate Change in Vigo County

CY	Revenue at Current Rate	Revenue under Proposal	Impact of Proposal
1999	\$295,636	\$480,408	<b>\$184,772</b>
2000	\$296,118	\$740,296	<b>\$444,177</b>
2001	\$296,602	\$741,504	<b>\$444,903</b>

**State Agencies Affected:**

**Local Agencies Affected:** Vigo County Treasurer, Vigo County Convention and Visitor Commission.

**Information Sources:**